

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ADP-00 EB-11 SSO-00 TRSE-00 OMB-01

STR-08 CIAE-00 INR-10 NSAE-00 RSC-01 INRE-00 RSR-01

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O 091636Z AUG 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 6773

UNCLAS SECTION 1 OF 2 BONN 11417

E.O. 11652: N/A

TAGS: BEXP, GW

SUBJECT: STUDY OF THE IMPACT OF CHEAPER DOLLARS ON US EXPORTS  
TO WEST GERMANY

REF: STATE 152393

SUMMARY. THE EMBASSY WELCOMES DOC DECISION TO COMMISSION  
A STUDY OF THE EFFECTS OF RECENT EXCHANGE RATE REALIGN-  
MENTS ON US EXPORTS. A QUICK SURVEY OF POTENTIAL FIRMS  
INDICATES GOOD DEAL OF INTEREST IN THE PROJECT, BUT ALSO  
SHOWS THAT A MORE REALISTIC TIME SCHEDULE SHOULD BE  
ADOPTED. WE ENCLOSE A COPY OF THE PROPOSED TERMS OF  
REFERENCE WHICH WE INTEND TO MAIL TO PROSPECTIVE FIRMS  
ON AUGUST 13. ACTION REQUESTED: USDOC APPROVAL OF THE  
REVISED TIME SCHEDULE AND USDOC APPROVAL OF THE TERMS  
OF REFERENCE SET FORTH BELOW. END SUMMARY.

1. A NUMBER OF HIGHLY QUALIFIED RESEARCH ORGANIZATIONS  
HAVE EXPRESSED THEIR INTEREST IN THIS STUDY. HOWEVER,  
BECAUSE OF DEPLETIONS IN THEIR STAFFS DURING THE  
MONTH OF AUGUST (A TRADITIONAL VACATION MONTH IN  
EUROPE) MOST OF THESE FIRMS BELIEVE THE DEADLINE  
FOR SUBMISSION OF PROPOSALS SHOULD BE SET IN THE FIRST  
WEEK IN SEPTEMBER. WITH USDOC CONCURRENCE, WE PROPOSE  
TO SET SEPTEMBER 5 AS THIS DEADLINE. THIS WOULD ALSO  
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REQUIRE A JANUARY 15 DEADLINE FOR SUBMISSION OF

THE FINAL REPORT AND ANALYSIS. WE BELIEVE THIS IS REASONABLE IN VIEW OF THE IMPORTANCE OF THIS STUDY.

2. THE EMBASSY PROPOSES TO SEND THE FOLLOWING TERMS OF REFERENCE TO ORGANIZATIONS WHICH HAVE INDICATED THEY WILL SUBMIT PROPOSALS: TERMS OF REFERENCE

A. OBJECTIVE: THE PRIMARY OBJECTIVE OF THIS STUDY IS TO DISTINGUISH BETWEEN PATTERNS OF FRG PURCHASES OF US EXPORTS BEFORE AND AFTER CHANGES IN THE US DOLLAR-DEUTSCHE MARK EXCHANGE RATE. THIS STUDY SHOULD ALSO ISOLATE THE EFFECT OF SUBSEQUENT PRICE CHANGES UNRELATED TO PARITY CHANGES. THE STUDY WOULD BE CONCENTRATED ON SELECTED INDUSTRIES (SEE ATTACHMENT-- NOT REPEATED IN THIS TEL). A SECONDARY OBJECTIVE IS TO DEFINE THE RESTRAINTS AND TRENDS WHICH EXPLAIN THE RESULTS OBTAINED. IN PARTICULAR IT WILL BE NECESSARY TO SEPARATE PRICE EFFECTS FROM INCOME EFFECTS, AS WELL AS ISOLATING STRUCTURAL CHANGES IN MARKETS, ETC.

B. PROPOSED MEANS: THE MOST DIRECT MEANS OF IDENTIFYING CHANGES IN PURCHASING DUE TO EXCHANGE RATE CHANGES IS VIA DIRECT INTERVIEWS WITH PURCHASERS. THIS TECHNIQUE COULD ELICIT IN-DEPTH EXPLANATIONS OF DEVELOPMENTS. COMBINATIONS OF TELEPHONE, MAIL AND PERSONAL INTERVIEW MIGHT BE A MORE EFFICIENT METHOD. ALTERNATIVE PROPOSALS AS TO THE MOST EFFECTIVE AND EFFICIENT MEANS OF CONDUCTING THE GENERAL INVESTIGATION WILL BE WELCOME.

C. SAMPLE AND SAMPLE DESIGN: IN PREPARING PROPOSALS, SAMPLE DESIGN IS VITAL. ASSUMING THAT A SAMPLE OF FIRMS IS TO BE DRAWN, THE GOAL IS THE MOST POWERFUL STATISTICAL SAMPLE THAT CAN BE DEvised WITHIN COST LIMITS. PROBABILITY SAMPLES WITH COMPUTABLE SAMPLING ERROR SHOULD BE DESIGNED. SAMPLES WOULD PREFERABLY BE ONE-STAGE, RANDOM, STRATIFIED BY INDUSTRY, PERHAPS WEIGHTED BY SIZE OF COMPANY AND/OR LIMITED TO FIRMS ABOVE A CERTAIN SIZE. COST/EFFICIENCY AND LIMITS TO CROSS-TABULATION PATTERN ANALYSIS SHOULD BE CONSIDERED IN SETTING SAMPLE SIZE.

D. PLAN OF ANALYSIS: THE PLAN OF ANALYSIS SHOULD BE PRESENTED IN THE PROPOSAL. IN ADDITION TO GENERAL UNCLASSIFIED

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SELECTION OF METHODS, THE FOLLOWING MIGHT BE TREATED WITHIN LIMITS TO BE SPECIFIED:

1. NUMBER OF INDUSTRIES COVERED (LIMITS 20-60).  
SEE ATTACHMENT A.
2. SAMPLE SIZE PER INDUSTRY (LIMITS 20-60).
3. MEANS OF REACHING ADEQUATE SAMPLE OF RARE EVENTS.
4. LENGTH OF INTERVIEWS.
5. COST.

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E. TIME FRAME: PROPOSALS SHOULD COVER A PERIOD OF TIME SPANNING RECENT CHANGES IN PARITY RATES, I.E. ALL OF 1972 TO INCLUDE THE PERIOD BEFORE AND AFTER THE PARITY CHANGES OF FEBRUARY 12, 1973. IF POSSIBLE, THE 1971-72 PERIOD SHOULD ALSO BE INCLUDED IN ORDER TO SPAN THE CURRENCY REALIGNMENTS OF THE SMITHSONIAN AGREEMENT. (NOTE FOR USDOC: IT IS UNLIKELY THAT THE RECENT PARITY CHANGES HAVE YET BEGUN TO BE WIDELY FELT. EFFECTS FROM THE SMITHSONIAN AGREEMENT MAY BE MORE DISCERNABLE.)

F. SCHEDULE: PROPOSALS SHOULD BE SUBMITTED TO THE EMBASSY NO LATER THAN SEPTEMBER 5, 1973. FIELD WORK SHOULD BE COMPLETED BY DECEMBER 1 AND THE FINAL REPORT SHOULD BE READY BY JANUARY 15 AT THE LATEST. (NOTE FOR USDOC: THE RESEARCH FIRMS TELL US IT IS VERY UNLIKELY THAT IN-DEPTH INTERVIEWS OF THE KIND CONTEMPLATED HERE COULD BE CONDUCTED AT THE RATE OF 20 INTERVIEWS PER WEEK PER INTERVIEWER.)

G. COST: ORGANIZATIONS SHOULD SUBMIT COST ESTIMATES FOR SAMPLE SIZES OF AROUND 300 FIRMS AND OF AROUND 600 FIRMS. IF FEASIBLE, SOME ESTIMATE OF THE CONFIDENCE LIMITS FOR THE END RESULTS OF SUCH A STUDY SHOULD BE INCLUDED IN THE PROPOSAL. THE DEPARTMENT OF COMMERCE WILL SELECT THE PROPOSAL WHICH BEST MEETS THE SPECIFICATIONS LISTED ABOVE AT THE LOWEST COST. END TERMS OF REFERENCE.

3. PLEASE ADVISE SONNEST.

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